



6560-50-P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52

[EPA-R03-OAR-2014-0792; FRL-9922-51-Region 3]

Approval and Promulgation of Air Quality Implementation Plans; West Virginia; Permits for Construction and Major Modification of Major Stationary Sources Which Cause or Contribute to Nonattainment Areas

AGENCY: Environmental Protection Agency (EPA).

ACTION: Proposed rule.

SUMMARY: The Environmental Protection Agency (EPA) is proposing to grant approval to four State Implementation Plan (SIP) revisions submitted by the West Virginia Department of Environmental Protection for the State of West Virginia on June 29, 2010, July 8, 2011, July 6, 2012, and July 1, 2014 with the exception of certain revisions related to ethanol production facilities on which EPA is taking no action at this time. These revisions proposed for approval pertain to West Virginia's nonattainment New Source Review (NSR) program, notably provisions for preconstruction permitting requirements for major sources of fine particulate matter (PM_{2.5}) and NSR reform. This action is being taken under the Clean Air Act (CAA).

DATES: Written comments must be received on or before **[insert date 30 days from date of publication]**.

ADDRESSES: Submit your comments, identified by Docket ID Number EPA-R03-OAR-2014-0792 by one of the following methods:

- A. www.regulations.gov. Follow the on-line instructions for submitting comments.
- B. E-mail: kreider.andrew@epa.gov.
- C. Mail: EPA-R03-OAR-2014-0792, Andrew Kreider, Acting Associate Director, Office of

Permits and Air Toxics, Mailcode 3AP10, U.S. Environmental Protection Agency, Region III, 1650 Arch Street, Philadelphia, Pennsylvania 19103.

D. Hand Delivery: At the previously-listed EPA Region III address. Such deliveries are only accepted during the Docket's normal hours of operation, and special arrangements should be made for deliveries of boxed information.

Instructions: Direct your comments to Docket ID No. EPA-R03-OAR-2014-0792. EPA's policy is that all comments received will be included in the public docket without change, and may be made available online at www.regulations.gov, including any personal information provided, unless the comment includes information claimed to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute. Do not submit information that you consider to be CBI or otherwise protected through www.regulations.gov or e-mail. The www.regulations.gov website is an "anonymous access" system, which means EPA will not know your identity or contact information unless you provide it in the body of your comment. If you send an e-mail comment directly to EPA without going through www.regulations.gov, your e-mail address will be automatically captured and included as part of the comment that is placed in the public docket and made available on the Internet. If you submit an electronic comment, EPA recommends that you include your name and other contact information in the body of your comment and with any disk or CD-ROM you submit. If EPA cannot read your comment due to technical difficulties and cannot contact you for clarification, EPA may not be able to consider your comment. Electronic files should avoid the use of special characters, any form of encryption, and be free of any defects or viruses.

Docket: All documents in the electronic docket are listed in the www.regulations.gov index. Although listed in the index, some information is not publicly available, i.e., CBI or other

information whose disclosure is restricted by statute. Certain other material, such as copyrighted material, is not placed on the Internet and will be publicly available only in hard copy form.

Publicly available docket materials are available either electronically in www.regulations.gov or in hard copy during normal business hours at the Air Protection Division, U.S. Environmental Protection Agency, Region III, 1650 Arch Street, Philadelphia, Pennsylvania 19103. Copies of the State submittal are available at the West Virginia Department of Environmental Protection, Division of Air Quality, 601 57th Street SE, Charleston, West Virginia 25304.

FOR FURTHER INFORMATION CONTACT: Mr. Mike Gordon, (215) 814-2039, or by e-mail at gordon.mike@epa.gov.

SUPPLEMENTARY INFORMATION:

I. Background

The WVDEP submitted four SIP revisions to EPA on June 29, 2010 (the 2010 submittal), July 8, 2011 (the 2011 submittal), July 6, 2012 (the 2012 submittal) and July 1, 2014 (the 2014 submittal). While each of the SIP revisions was submitted individually, EPA is acting on these submittals as a whole. There are some instances where specific language was added in a West Virginia regulation included in one of the earlier SIP submittals but the language was subsequently removed from that same regulation included in a later SIP submittal such that EPA therefore only assessed the approvability of that portion of the regulation included in the later SIP submittal. It should be noted that the most recent version of West Virginia's nonattainment NSR regulations is the version included for SIP approval in the 2014 submittal, and this submittal reflects the sum of the changes made from the 2010, 2011, and 2012 submittals as

well.¹ A summary of the changes made in each of the four submittals has been included in the docket for this action under “Summary of West Virginia NSR Changes.” These SIP revision requests, if approved, would revise West Virginia’s currently approved nonattainment NSR program by amending Series 19 under Title 45 of West Virginia Code of State Rules (45CSR19). Generally, the revisions incorporate provisions related to the 2008 “Implementation of the New Source Review (NSR) Program for Particulate Matter Less than 2.5 Micrometers (PM_{2.5})” (2008 NSR PM_{2.5} Rule; 73 FR 28321), the 2007 “Prevention of Significant Deterioration, Nonattainment New Source Review, and Title V: Treatment of Certain Ethanol Production Facilities Under the ‘Major Emitting Facility’ Definition” (2007 Ethanol Rule; 72 FR 24060), as well as updates as a result of the 2002 rule “Prevention of Significant Deterioration (PSD) and Nonattainment NSR (NSR): Baseline Emissions Determination, Actual-to-Future-Actual Methodology, Plantwide Applicability Limitations, Clean Units, Pollution Control Projects” (2002 NSR Reform Rules; 67 FR 80186).

The 2002 NSR Reform Rules made changes to five areas of the NSR programs. In summary, the 2002 Rules: (1) provided a new method for determining baseline actual emissions; (2) adopted an actual-to-projected-actual methodology for determining whether a major modification has occurred; (3) allowed major stationary sources to comply with a Plantwide Applicability Limit (PAL) to avoid having a significant emissions increase that triggers the requirements of the major NSR program; (4) provided a new applicability provision for emissions units that are designated clean units; and (5) excluded pollution control projects (PCPs) from the definition of “physical change or change in the method of operation.” On November 7, 2003, EPA published

¹ EPA, however, is proposing to act on all four SIP submittals in this document because each submittal contains necessary procedural information related to West Virginia’s revisions to its nonattainment NSR regulations and development of its SIP submittals, which are required for SIP revisions by 40 CFR Parts 51 and 52.

a notice of final action on its reconsideration of the 2002 NSR Reform Rules,² which added a definition for “replacement unit” and clarified an issue regarding PALs. For additional information on the 2002 NSR Reform Rules, see EPA’s December 31, 2002 final rulemaking action entitled: “Prevention of Significant Deterioration (PSD) and Nonattainment NSR (NSR): Baseline Emissions Determination, Actual-to-Future-Actual Methodology, Plantwide Applicability Limitations, Clean Units, Pollution Control Projects” (67 FR 80186), the 2003 final reconsideration: “Prevention of Significant Deterioration (PSD) and Non-Attainment New Source Review (NSR): Reconsideration” (68 FR 63021), and <http://www.epa.gov/nsr>.

After the 2002 NSR Reform Rules were finalized, industry, state, and environmental petitioners challenged numerous aspects of the 2002 NSR Reform Rules, along with portions of EPA's 1980 NSR Rules (45 FR 52676, August 7, 1980). On June 24, 2005, the United States Court of Appeals for the District of Columbia (D.C. Circuit) issued a decision on the challenges to the 2002 NSR Reform Rules. *New York v. United States*, 413 F.3d 3 (D.C. Cir. 2005) (*New York I*).

In summary, the D.C. Circuit vacated portions of the rules pertaining to clean units and PCPs, remanded a portion of the rules regarding recordkeeping and the term “reasonable possibility” found in 40 CFR 52.21(r)(6) and 40 CFR 51.166(r)(6), and either upheld or did not comment on the other provisions included as part of the 2002 NSR Reform Rules. On June 13, 2007 (72 FR 32526), EPA took final action to revise the 2002 NSR Reform Rules to remove from federal law all provisions pertaining to clean units and the PCP exemption that were vacated by the D.C. Circuit.

² See “Prevention of Significant Deterioration (PSD) and Non-Attainment New Source Review (NSR): Reconsideration.” 68 FR 63021.

The 2008 NSR PM_{2.5} Rule (as well as the 2007 “Final Clean Air Fine Particle Implementation Rule” (2007 PM_{2.5} Implementation Rule)³), was also the subject of litigation before the D.C. Circuit in *Natural Resources Defense Council v. EPA*.⁴ On January 4, 2013, the court remanded to EPA both the 2007 PM_{2.5} Implementation Rule and the 2008 NSR PM_{2.5} Rule. The court found that in both rules EPA erred in implementing the 1997 PM_{2.5} NAAQS solely pursuant to the general implementation provisions of subpart 1 of part D of title I of the CAA (subpart 1), rather than pursuant to the additional implementation provisions specific to particulate matter in subpart 4 of part D of title I (subpart 4).⁵ As a result, the court remanded both rules and instructed EPA “to re-promulgate these rules pursuant to subpart 4 consistent with this opinion.”⁶ Although the D.C. Circuit declined to establish a deadline for EPA’s response, EPA intends to respond promptly to the court’s remand and to promulgate new generally applicable implementation regulations for the PM_{2.5} NAAQS in accordance with the requirements of subpart 4. In the interim, however, states and EPA still need to proceed with implementation of the 1997 PM_{2.5} NAAQS in a timely and effective fashion in order to meet statutory obligations under the CAA and to assure the protection of public health intended by those NAAQS.

On April 25, 2014, the Administrator signed a final rulemaking that begins to address the remand (see <http://www.epa.gov/airquality/particulatepollution/actions.html>). Upon its effective date, the final rule classifies all existing PM_{2.5} nonattainment areas as "Moderate" nonattainment areas and

³ 72 FR 20586 (April 25, 2007).

⁴ 706 F.3d 428 (D.C. Cir. 2013).

⁵ The court’s opinion did not specifically address the point that implementation under subpart 4 requirements would still require consideration of subpart 1 requirements, to the extent that subpart 4 did not override subpart 1.

⁶ *Id.* at 437.

sets a deadline of December 31, 2014, for states to submit any SIP submissions, including nonattainment NSR SIPs, that may be necessary to satisfy the requirements of subpart 4 with respect to PM_{2.5} nonattainment areas.

In a separate rulemaking process that will follow the April 2014 rule, EPA is evaluating the requirements of subpart 4 as they pertain to, among other things, nonattainment NSR for PM_{2.5} emissions. With respect to nonattainment NSR in particular, subpart 4 includes section 189(e) of the CAA, which requires the control of major stationary sources of coarse particulate matter (PM₁₀) precursors "except where the Administrator determines that such sources do not contribute significantly to PM₁₀ levels which exceed the standard in the area." Under the D.C. Circuit's decision in *NRDC*, section 189(e) of the CAA also applies to PM_{2.5}.

Additionally, the 2008 NSR PM_{2.5} Rule authorized states to adopt provisions in their nonattainment NSR rules that would allow major stationary sources and major modifications locating in areas designated nonattainment for PM_{2.5} to offset emissions increases of direct PM_{2.5} emissions or PM_{2.5} precursors with reductions of either direct PM_{2.5} emissions or PM_{2.5} precursors in accordance with offset ratios contained in the approved SIP for the applicable nonattainment area. The inclusion, in whole or in part, of the interpollutant offset provisions for PM_{2.5} is discretionary on the part of the states. In the preamble to the 2008 NSR PM_{2.5} Rule, EPA included preferred or presumptive offset ratios, applicable to specific PM_{2.5} precursors that states may adopt in conjunction with the new interpollutant offset provisions for PM_{2.5}, and for which the state could rely on the EPA's technical work to demonstrate the adequacy of the ratios for use in any PM_{2.5} nonattainment area. Alternatively, the preamble indicated that states may adopt their own ratios, subject to the EPA's approval, that would have to be substantiated by

modeling or other technical demonstrations of the net air quality benefit for ambient PM_{2.5} concentrations. The preferred ratios were subsequently the subject of a petition for reconsideration, which the EPA Administrator granted. EPA continues to support the basic policy that sources may offset increases in emissions of direct PM_{2.5} or of any PM_{2.5} precursor in a PM_{2.5} nonattainment area with actual emissions reductions in direct PM_{2.5} or PM_{2.5} precursors in accordance with offset ratios as approved in the SIP for the applicable nonattainment area. However, we no longer consider the preferred ratios set forth in the preamble to the 2008 NSR PM_{2.5} Rule to be presumptively approvable. Instead, any ratio involving PM_{2.5} precursors adopted by the state for use in the interpollutant offset program for PM_{2.5} nonattainment areas must be accompanied by a technical demonstration that shows the net air quality benefits of such ratio for the PM_{2.5} nonattainment area in which it will be applied.

II. Summary of SIP Revision

Specifically, the revisions submitted by WVDEP involve amendments to 45CSR19 (Permits for Construction and Major Modification of Major Stationary Sources Which Cause or Contribute to Nonattainment Areas) as a result of Federal regulatory actions previously discussed. A summary of the changes made in the 2010, 2011, 2012, and 2014 submittals are available in the docket under “Summary of West Virginia NSR Changes.” Additionally, several non-substantive, clarifying and organizational revisions were submitted. WVDEP has included redline/strikeout versions of the submittals so that all revisions to 45CSR19 can be seen. Following is EPA’s rationale for the proposed approval.

A. NSR Reform

EPA finds West Virginia's regulations dealing with NSR reform closely mirror the Federal counterpart regulations in 40 CFR parts 51 and 52. Several aspects of NSR reform, including a new method for determining baseline actual emissions, adoption of actual-to-projected-actual methodology for determining whether a major modification has occurred, and the allowance of PALs were submitted to EPA by WVDEP in prior SIP submissions and subsequently approved by EPA on November 2, 2006 (71 FR 64468). However, in this prior submission, WVDEP specifically requested that EPA exclude from its SIP approval the provisions of 45CSR19 pertaining to "Clean Units" and "Pollution Control Project" in order to ensure that their Federally-approved regulations are consistent with the D.C. Circuit's June 24, 2005 ruling in *New York I*. West Virginia subsequently removed provisions relating to "pollution control projects" and "clean unit" from 45CSR19 at the state level and updated language relating to "reasonable possibility" provisions, as is reflected in the 2010 submittal. Thus, EPA finds the SIP revisions including the revised 45CSR19 meet requirements of NSR Reform for a nonattainment NSR permitting program in 40 CFR Parts 51 and 52, and is proposing to fully approve revisions relating to NSR reform.

B. Ethanol Rule

West Virginia's proposed SIP revisions include provisions that exclude facilities that produce ethanol through a natural fermentation process from the definition of "chemical process plants" in the major NSR source permitting program as amended in the 2007 Ethanol Rule. The 2010 submittal added provisions at 45CSR19-2.35.e.20 and 3.7.a.20 that remove certain ethanol production facilities from the definition of "chemical process plants." These provisions are also included in the subsequent 2011, 2012, and 2014 submittals. In this rulemaking, we are not at this time proposing to take action on any of the SIP submittals concerning West Virginia's

submitted regulation revisions at 45CSR19-2.35.e.20 and 3.7.a.20 addressing the 2007 Ethanol Rule.

C. PM_{2.5}

EPA finds the revisions to 45CSR19 submitted by WVDEP for approval that relate to PM_{2.5} mirror the 2008 NSR PM_{2.5} Rule, which: (1) required NSR permits to address directly emitted PM_{2.5} and precursor pollutants; (2) established significant emission rates for direct PM_{2.5} and precursor pollutants (including sulfur dioxide (SO₂) and oxides of nitrogen (NO_x)); (3) established PM_{2.5} emission offsets; and (4) required states to account for gases that condense to form particles (condensables) in PM_{2.5} emission limits.

Additionally, WVDEP's 2010 submittal includes provisions allowing sources to offset emissions increases of direct PM_{2.5} emissions or PM_{2.5} precursors with reductions of either direct PM_{2.5} emissions or PM_{2.5} precursors in accordance with offset ratios contained in the approved SIP for the applicable nonattainment area, including the default interpollutant trading ratios that were included in EPA's 2008 NSR PM_{2.5} Rule. EPA continues to support the policy of allowing an interpollutant offset program, provided that a state develops a technical demonstration justifying the ratios to be used, and showing the net air quality benefits of such ratios for the PM_{2.5} nonattainment area in which it will be applied. WVDEP did not provide a technical justification or describe a net air quality benefit of the interpollutant trading ratios in its 2010 submittal. However, in the subsequent 2014 submittal, WVDEP removed the provisions that would have allowed interpollutant trading for PM_{2.5}. As previously stated, inclusion of interpollutant trading ratios is discretionary on the part of the states, and only permitted upon approval by EPA. West Virginia's inclusion of these interpollutant trading ratios in the 2010 SIP without proper

justification has no bearing on EPA's action in this proposed rule, since the most recent SIP submitted and current regulations in effect in West Virginia (i.e. the NSR regulations at 45CSR19 included in the 2014 submittal) do not include these provisions.

In light of the D.C. Circuit's remand of the 2008 NSR PM_{2.5} Rule, EPA is in the process of evaluating the requirements of subpart 4 as they pertain to nonattainment NSR. In particular, subpart 4 includes section 189(e) of the CAA, which requires the control of major stationary sources of PM₁₀ precursors (and hence under the court decision, PM_{2.5} precursors) "except where the Administrator determines that such sources do not contribute significantly to PM₁₀ levels which exceed the standard in the area." The evaluation of which precursors need to be controlled to achieve the standard in a particular area is typically conducted in the context of the state's preparing and the EPA's reviewing an area's attainment plan SIP.

West Virginia's nonattainment NSR regulations at 45CSR19 do not fully address all potential precursors to PM_{2.5}. The West Virginia SIP submissions included revisions to the definition of "regulated NSR pollutant" at 45CSR19-2.61.c which identifies precursors to both ozone and PM_{2.5} in nonattainment areas. With respect to PM_{2.5}, the revised definition of "regulated NSR pollutant" at 45CSR19-2.61.c identifies SO₂ and NO_x as regulated PM_{2.5} precursors while volatile organic compounds (VOCs) and ammonia are not identified as regulated PM_{2.5} precursors in PM_{2.5} nonattainment areas in the State. These revisions, although consistent with the 2008 NSR PM_{2.5} Rule as developed consistent with subpart 1, may not contain the elements necessary to satisfy the CAA requirements when evaluated under the subpart 4 CAA statutory requirements. In particular, West Virginia's submission does not include regulation of VOCs and ammonia as PM_{2.5} precursors, nor does it include a demonstration consistent with section 189(e)

showing that major sources of those precursor pollutants would not contribute significantly to PM_{2.5} levels exceeding the standard in the area.

However, while West Virginia's submittals do not yet contain all of the elements necessary to satisfy the CAA requirements when evaluated under subpart 4, there are currently no designated PM_{2.5} nonattainment areas in West Virginia for any PM_{2.5} NAAQS since the Martinsburg-Hagerstown nonattainment area in West Virginia was redesignated to attainment on November 25, 2014 (79 FR 70099). As a result, West Virginia is no longer obligated to submit an NNSR SIP revision under section 189 of the CAA addressing PM_{2.5} NNSR permitting requirements, which include the subpart 4 requirements.⁷ Therefore, EPA is proposing to grant approval to the nonattainment NSR provisions in West Virginia's 2010, 2011, 2012, and 2014 SIP submittals for revisions to 45CSR19 for nonattainment NSR requirements for PM_{2.5}.

III. Proposed Action

EPA's review of this material indicates that the 2010, 2011, 2012 and 2014 SIP submittals collectively meet the federal counterpart requirements in 40 CFR Parts 51 and 52 for a nonattainment NSR permitting program. For the reasons stated previously, EPA is proposing to grant approval to these WV SIP submissions with the exception of the revisions to 45CSR19-2.35.e.20 and 3.7.a.20. EPA is taking no action on 45CSR19 regulations relating to the definition of "chemical process plants" which are at 45CSR19-2.35.e.20 and 3.7.a.20. EPA is soliciting public comments on the issues discussed in this document. These comments will be considered before taking final action.

⁷ To the extent that any area is designated nonattainment for PM_{2.5} in the future in West Virginia, the State will have to make a submission within the timeframe provided by section 189(a)(2) of the CAA addressing how its NNSR permitting program satisfies the CAA statutory requirements as to PM_{2.5}, including subpart 4 and any applicable PM_{2.5} federal implementation rules.

IV. Statutory and Executive Order Reviews

Under the CAA, the Administrator is required to approve a SIP submission that complies with the provisions of the CAA and applicable Federal regulations. 42 U.S.C. 7410(k); 40 CFR 52.02(a). Thus, in reviewing SIP submissions, EPA's role is to approve state choices, provided that they meet the criteria of the CAA. Accordingly, this action merely approves state law as meeting Federal requirements and does not impose additional requirements beyond those imposed by state law. For that reason, this proposed action:

- is not a “significant regulatory action” subject to review by the Office of Management and Budget under Executive Order 12866 (58 FR 51735, October 4, 1993);
- does not impose an information collection burden under the provisions of the Paperwork Reduction Act (44 U.S.C. 3501 et seq.);
- is certified as not having a significant economic impact on a substantial number of small entities under the Regulatory Flexibility Act (5 U.S.C. 601 et seq.);
- does not contain any unfunded mandate or significantly or uniquely affect small governments, as described in the Unfunded Mandates Reform Act of 1995 (Public Law 104-4);
- does not have Federalism implications as specified in Executive Order 13132 (64 FR 43255, August 10, 1999);
- is not an economically significant regulatory action based on health or safety risks subject to Executive Order 13045 (62 FR 19885, April 23, 1997);
- is not a significant regulatory action subject to Executive Order 13211 (66 FR 28355, May 22, 2001);

- is not subject to requirements of Section 12(d) of the National Technology Transfer and Advancement Act of 1995 (15 U.S.C. 272 note) because application of those requirements would be inconsistent with the CAA; and
- does not provide EPA with the discretionary authority to address, as appropriate, disproportionate human health or environmental effects, using practicable and legally permissible methods, under Executive Order 12898 (59 FR 7629, February 16, 1994).

In addition, this proposed rule, relating to West Virginia's nonattainment NSR program, does not have tribal implications as specified by Executive Order 13175 (65 FR 67249, November 9, 2000), because the SIP is not approved to apply in Indian country located in the state, and EPA notes that it will not impose substantial direct costs on tribal governments or preempt tribal law.

List of Subjects in 40 CFR Part 52

Environmental protection, Air pollution control, Carbon monoxide, Incorporation by reference, Intergovernmental relations, Lead, Nitrogen dioxide, Ozone, Particulate matter, Reporting and recordkeeping requirements, Sulfur oxides, Volatile organic compounds.

Authority: 42 U.S.C. 7401 et seq.

Dated: January 23, 2015.

William C. Early,
Acting Regional Administrator,
Region III.

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